

WATER PIK TECHNOLOGIES INC  
Form 10-Q  
April 30, 2004

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2004

**TRANSITION REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-15297

**WATER PIK TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**25-1843384**  
(IRS Employer  
Identification No.)

**23 Corporate Plaza, Suite 246  
Newport Beach, CA 92660**  
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(949) 719-3700**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2): Yes  No

The number of shares of Common Stock outstanding on April 26, 2004 was 12,179,850 shares.

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## PART I FINANCIAL INFORMATION

## ITEM 1 FINANCIAL STATEMENTS

## Water Pik Technologies, Inc.

## Consolidated Balance Sheets

(In thousands, except for share and per share amounts)

|  | March 31,<br>2004<br>(Unaudited) | December 31,<br>2003 |
|--|----------------------------------|----------------------|
| <b>Assets</b>  |                                  |                      |
| Current assets:  |                                  |                      |
| Cash   | \$ 1,092                         | \$ 970               |
| Accounts receivable, less allowances of \$1,847 at March 31, 2004 and \$1,952 at December 31, 2003 | 71,477                           | 85,527               |
| Inventories  | 43,912                           | 41,772               |
| Deferred income taxes  | 7,358                            | 7,321                |
| Prepaid expenses and other current assets  | 4,258                            | 4,320                |
| <b>Total current assets</b>  | <b>128,097</b>                   | <b>139,910</b>       |
| Property, plant and equipment, net   | 46,967                           | 48,637               |
| Goodwill, net  | 34,605                           | 26,020               |
| Deferred income taxes  | 868                              | 657                  |
| Other assets   | 3,728                            | 3,352                |
| <b>Total assets</b>  | <b>\$ 214,265</b>                | <b>\$ 218,576</b>    |
| <b>Liabilities and stockholders equity</b>   |                                  |                      |
| Current liabilities:   |                                  |                      |
| Accounts payable   | \$ 22,174                        | \$ 25,169            |
| Accrued income taxes   |                                  | 1,559                |
| Accrued liabilities  | 19,786                           | 28,797               |
| Current portion of long-term debt  | 3,877                            | 3,879                |
| <b>Total current liabilities</b>   | <b>45,837</b>                    | <b>59,404</b>        |
| Long-term debt, less current portion   | 51,669                           | 42,589               |
| Other accrued liabilities  | 5,441                            | 5,242                |
| Commitments and contingencies  |                                  |                      |
| Stockholders equity:   |                                  |                      |

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|   |                   |                   |
|---|-------------------|-------------------|
| Preferred stock, \$0.01 par value: 5,000,000 shares authorized; none issued   |                   |                   |
| Common stock, \$0.01 par value: 50,000,000 shares authorized; 12,302,472 and 12,365,036 shares issued and outstanding at March 31, 2004 and December 31, 2003, respectively | 127               | 125               |
| Additional paid-in capital  | 80,660            | 79,481            |
| Equity adjustments due to stock plans   | (3,935)           | (6,369)           |
| Retained earnings   | 37,131            | 37,980            |
| Accumulated comprehensive income  | 1,636             | 2,123             |
| Treasury stock at cost, 358,933 and 178,482 shares at March 31, 2004 and December 31, 2003, respectively  | (4,301)           | (1,999)           |
| <b>Total stockholders equity</b>  | <b>111,318</b>    | <b>111,341</b>    |
| <b>Total liabilities and stockholders equity</b>  | <b>\$ 214,265</b> | <b>\$ 218,576</b> |

See accompanying notes

**Water Pik Technologies, Inc.****Consolidated Statements of Operations**

(In thousands, except for share and per share amounts)

(Unaudited)

|   | <b>Three Months Ended<br/>March 31,</b> |                |
|---|---|----------------|
|   | <b>2004</b>                             | <b>2003</b>    |
| <b>Sales</b>  | \$ 67,661                               | \$ 55,389      |
| Cost and expenses:                                  |   |                |
| Cost of sales                                       | 50,325                                  | 40,095         |
| Selling expenses                                    | 11,176                                  | 10,926         |
| General and administrative expenses                 | 5,299                                   | 4,598          |
| Research and development expenses                   | 1,702                                   | 2,187          |
|   | <b>68,502</b>                           | <b>57,806</b>  |
| Operating loss                                      | (841)                                   | (2,417)        |
| Interest expense                                    | 546                                     | 539            |
| Other income  | (70)                                    | (124)          |
| Loss from continuing operations before income taxes | (1,317)                                 | (2,832)        |
| Income tax benefit                                  | (468)                                   | (1,035)        |
| <b>Loss from continuing operations</b>              | <b>(849)</b>                            | <b>(1,797)</b> |
| <b>Discontinued operations:</b>                     |   |                |
| Loss from operations of discontinued product line   |   | (63)           |
| Income tax benefit                                  |   | (23)           |